

7. CONCESSIONS PLAN

A. Concessions Plan Overview

This portion of the Rio Salado Management Plan deals with commercial concession activities on Town Lake and the Rio Salado Park, i.e., the land encompassed by the Rio Salado Park Master Plan. In preparing this plan, staff is utilizing Lake capacity and concessions studies prepared by BRW and SeaArk (summaries attached), and assumes that Tempe will be best served by a flexible and integrated array of quality concessions that maximize revenue to the Community Facilities District and are reasonably priced for their market.

All concessions within the Enhanced Services Area will be required to pay a “Use Fee” to offset the cost of operating and maintaining the Park. This fee will be collected by the City and used to reduce the assessments within the Enhanced Services Area.

B. Lake Concessions

At this early stage, several different concession opportunities can be envisioned on Town Lake:

1. Professional pilots

This activity foresees a single concessionaire who would operate motorized boats that can be configured either for tours or dinner cruises, motorized water taxis and non-motorized outrigger canoes and gondolas or similar water craft, all of which are driven by a professional employee of the Concessionaire. It is proposed that the Concessionaire:

- a. Will commit to providing, or paying penalties for not providing, minimum/maximum numbers and types of boat according to a Phasing Plan for each month, starting on Day One, but is not required to be operational on Day One.
- b. Will pay the City either a fixed percentage of gross receipts or a fixed dollar amount as specified for each month in the Phasing Plan.
- c. Will be able to secure a portion of the Lake edge (most logically on the north side east of Mill) for his/her operations prior to construction of the Lagoon.
- d. Will be able to store his/her boats in the SLIF-funded portion of the Lagoon only during high flow or drainage events.

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- e. May participate financially in the construction of an Operations Center (a secured extension of the SLIF-funded Lagoon water surface possibly under an administration building) where he/she can secure and maintain his/her boats.
- f. Will utilize on-board radios that provide the opportunity for continuous radio contact with City public safety personnel.
- g. Will be able to set up three kiosks around the Lake to sell tickets and accessory articles, distribute information about Rio Salado and the Lake regulations and activities, etc.
- h. Will make his/her tour/dinner boats available for charter by groups and restaurants approved by the City that would include on-board service of meals and alcoholic beverages subject to State law.
- i. Will expect to be shut down for Special Events scheduled by the City for up to 96 hours each year with no compensation by the City.
- j. Will be compensated according to rates in the Phasing Plan for any Special Event closures that exceed the annual limit, but will not be compensated for down time during high flow events, etc.
- k. Will have exclusive rights (except during Special Events) under the contract with the City to operate commercial boats on the Lake for ten years from Day One.
- l. Will be able to extend the Contract past the ten-year expiration date by the amount of time that the Lake was closed for high flow and drainage or other emergencies that are beyond the reasonable control of the City.
- m. Will furnish quarterly financial statements and an annual audited financial statement to the City and make his/her records open to inspection and audit by the City at all times.
- n. Will comply with all insurance, liability, indemnity and bonding requirements set by the City.
- o. Will provide, if necessary, the use of his/her boats, equipment and staff in responding to any public safety emergency designated by the Fire Chief.
- p. Will pay the regular permit and use fee for each watercraft and kiosk that he/she operates.

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- q. May contract at will for use of his/her boats with any other concessionaire operating on the Lake or in the Park.
- r. May not commit more than a certain percentage or number of any type of boat to a single organization or party (meaning that a certain percentage of the fleet would always be available to the public).

2. Skilled rentals

This activity foresees a single concessionaire who would make available various kinds of sailboats and kayaks, etc. for rent by members of the public who demonstrate that they have the standard minimum skill levels to operate the boat safely. Typically the renting pilot would have to demonstrate that he/she had taken the appropriate course of instruction or otherwise obtained the appropriate skills for that type of watercraft. Many of the requirements proposed for the professional pilot RFP above would also be appropriate for this concessionaire. This concession might be ideally suited to that of an aquatic center to offset training and operational costs.

3. Unskilled rentals

This activity envisions a single concessionaire who would make available for public rent the kinds of watercraft that do not require any special skill or training. Such boats might include canoes, rowboats, paddleboats, watercycles, fishing boats with a single electric motor, and any additional watercraft with previous written approval of the City. Some of the requirements proposed for the professional pilot RFP above would also be appropriate for this concessionaire.

4. Instruction

This activity anticipates that a wide range of instructional classes in aquatic activities will be offered to the general public (like the Tempe Community Services program) or to Arizona State University Students through education programming or training classes or to members of an organization (like a private sailing club). Several different organizations could enter into contracts/agreements with the City to use the Lake at regularly scheduled times for such purposes. To compensate the Community Facilities District for the use of the lake, this activity could require a per student fee in addition to the normal boat use fee.

B. Land Concessions

Several different concession opportunities can be envisioned in the land area encompassed by the Rio Salado Park Master Plan. These activities will have to use

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movable kiosks and equipment if they are located on the levee or in the flood channel.

1. Food and beverage

This activity envisions the sale of snacks and beverages from kiosks at specific prepared sites in the Park. Some of the requirements proposed for the professional pilot RFP would also be appropriate for this concessionaire.

2. Recreation rentals

This activity anticipates a demand for recreational rentals (like rollerblades, pedicabs and various kinds of bicycles) so that everyone can participate in the movement on the wide, smooth paths built for this purpose on either side of the Lake. Given the security and space requirements for adequate inventory, repair and fitting, it is likely that this activity will eventually be permanently based in buildings near, but outside, the levee. However, issuing an RFP at the outset should be considered to help establish the business in the Park if market demand precedes construction of available space on Hayden Ferry, ASU or Ciudad property. Some of the requirements proposed for the professional pilot RFP would also be appropriate for this concessionaire.

3. Dining areas

This activity envisions allowing a concessionaire exclusive rights to set up tables, chairs and umbrellas at specific places along the water's edge for food service. The concessionaire would arrange for the delivery of the food from the local restaurant to the lakeside-dining site, but would not be allowed to cater the food. All equipment would have to be removed each night after the patrons had departed. Some of the requirements proposed for the professional pilot RFP would also be appropriate for this concessionaire. Liquor issues will need to be examined in this RFP.

D. Concession Management/reporting

1. Selection of Concessionaires

The following policies are suggested to guide commercial concessions on the Rio Salado Town Lake and adjacent Park land:

- a. All commercial concessions on the Lake and in the Park around the Lake will be provided under contract with the City of Tempe as the owner of the Lake and Park.

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- b. Concessionaires (other than instruction) will be selected on the basis of their responses to publicly issued Requests for Proposals (RFP). RFP's will be prepared and issued by City staff, with input from Ciudad Del Lago (per DDA) and the Enhanced Services Commission. The selection process will include a staff recommendation to the Enhanced Services Commission who in turn will make a formal recommendation to the City Council. Instructional activities will be processed through Staff to the Tempe Parks and Recreation Board for a formal recommendation to the City Council.
- c. RFP's should be issued as soon as feasible. RFP's issued prior to Day One should encourage proposals to include some level of activity as soon as practicably possible after Day One in light of the probable market demand for the specific activity envisioned by the scope of the RFP.
- d. All RFP's shall be approved by the Council prior to issuance.
- e. The Rio Salado Operations Team members will oversee preparation of the RFP's, review the proposals, and make a recommendation to the Enhanced Services Commission. Upon Council selection, staff will negotiate a contract with that proposer, with stipulations as needed, and the proviso that if negotiations cannot be successfully completed within a specified time, the staff may enter into negotiations with a second-place proposal selected by the Council.
- f. Each RFP shall specify which concessionaire facilities, equipment, boats, kiosks, uniforms, etc. will reflect the Rio Salado theme(s) chosen by the City.
- g. The City shall have final written approval over all relevant design and operating details of every concession activity on the Lake and adjacent Park land.
- h. Unless otherwise clearly specified, each RFP will be processed on its own, even if its review schedule happens to be roughly concurrent with another RFP. Linkage between roughly concurrent proposals from a single company may be considered as influential in the review ranking by the City only if the company is able to demonstrate that there is a significant benefit to the City by virtue of such linkage.
- i. RFP's should provide a fair and flexible process for adding or deleting concessionaire activities or products in response to demonstrated market demand.
- j. To the greatest extent possible, concession contracts should give exclusive commercial rights to specific activities and/or products. A second

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concessionaire will not be allowed to offer a product or activity already provided by a first concessionaire unless the second concessionaire can show that the first concessionaire is either unwilling or unable to offer the product or activity to clientele of the second concessionaire. In the event that two concessionaires offer the same activity or product, the City will insure that a uniform price schedule is enforced. The City shall be the final arbiter of disputes in this area between concessionaires on the Lake and adjacent Park.

2. Management of Concessions Contracts

- a. The Rio Salado Project Manager or his designee will monitor and manage all concession contracts.
- b. Staff will make quarterly reports to the City Council during the first year, semi-annual reports during the second year, and annual reports during all remaining years of each concessions contract.

Attachment: ~~SeaArk summary of potential activities~~